

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 XMB-04 AID-05 CEA-01 CIAE-00
COME-00 EB-08 EA-12 FRB-01 INR-10 IO-14 NEA-10
NSAE-00 ICA-20 OPIC-06 SP-02 TRSE-00 LAB-04
SIL-01 AGRE-00 OMB-01 SS-15 STR-07 L-03 NSC-05
/142 W

-----086267 111956Z /42 46

P R 101704Z APR 78

FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 9839

INFO ALL OECD CAPITALS

AMEMBASSY BRUSSELS

UNCLAS SECTION 01 OF 02 PARIS 11681

USOECD

USEEC

C O R R E C T E D C O P Y PARA 4 IMI 4 CORRECTED

PASS TREASURY FOR RTSS AND EXIMBANK FOR FURTADO

E.O. 11652: N/A

TAGS: ETRD, EFIN, OECD

SUBJECT: EXPORT CREDIT CONSENSUS

1. FOLLOWING ARE TEXTS OF CONFIRMATIONS OF ADHERENCE
FOR NEW EXPORT CREDIT CONSENSUS BY THE EEC, CANADA,
FINLAND, SWEDEN, PORTUGAL, SWITZERLAND, NORWAY, AND
GREECE.

2. CANADA: (LETTER TO THE CHAIRMAN OF THE GROUP ON
EXPORT CREDITS, 3/22/78) "AT THE MEETING OF CONSENSUS
PARTICIPANTS FEBRUARY 22, IT WAS AGREED THAT EACH OF
US WOULD ADVISE YOU OF OUR FINAL DECISION WITH RESPECT
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TO ADHERENCE TO THE NEW ARRANGEMENT ON GUIDELINES
FOR OFFICIALLY SUPPORTED EXPORT CREDITS, AS SET OUT
IN DOCUMENT TD/CONSENSUS/78.4(LST REVISION).

3. AS I INDICATED AT THAT TIME, CANADA HAS BEEN A
SUPPORTER, FROM THE BEGINNING OF THE GENTLEMAN'S
AGREEMENT EXERCISE, OF EFFORTS TO CURB THE INTERNATION-

AL CREDIT TERMS RACE BY LIMITING THE SUBSIDY ELEMENT
GOVERNMENTS ACCORD THEIR EXPORT CREDIT OFFERS.

4. THE CANADIAN GOVERNMENT IS OF THE OPINION THAT THE PRESENT TEXT FAILS IN THIS OBJECTIVE BECAUSE IT PERPETUATES ARTIFICIAL DISTINCTIONS BETWEEN CLASSES OF BORROWERS AND SETS INTEREST RATE NORMS THAT ARE BELOW PREVAILING LONG-TERM INTERNATIONAL MARKET RATES, AND EVEN BELOW I.B.R.D. LENDING RATES. CANADA DOES NOT BELIEVE THAT THE SUBSIDY ELEMENT INHERENT IN THESE RATES CAN OR SHOULD BE THE BASIS FOR FIXING UNREALISTICALLY SHORT MATURITY LIMITS. AT A TIME WHEN LARGE-SCALE SCALE CAPITAL PROJECTS ARE BEING UNDERTAKEN AROUND THE WORLD, EXPORT CREDIT, IF IT IS TO BE A USEFUL COMPIN THE FINANCING OF SUCH PROJECTS, SHOULD BE STRUCTURED IN ACCORDANCE WITH THE NATURE AND PAYBACK CHARACTERISTICS OF THE PROJECTS BEING FINANCED.

5. CANADA'S EXPORT FINANCING SYSTEM IS BASED ON THE PHILOSOPHY OF NON-SUBSIDIZATION AND HAS EXPERIENCED RAPID LENDING GROWTH WITHOUT SIGNIFICANT COST TO THE CANADIAN TREASURY. CANADIAN AUTHORITIES HAVE SERIOUSLY QUESTIONED WHETHER, IN GOOD CONSCIENCE, CANADA COULD ASSOCIATE ITSELF WITH A SET OF GUIDELINES THAT RUNS COUNTER TO COMMERCIAL PRINCIPLES. THE CANADIAN UNCLASSIFIED

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GOVERNMENT HAS CONCLUDED, HOWEVER, THAT THE CONSENSUS, DISAPPOINTING THOUGH IT MAY BE, DOES REPRESENT A CONSCIOUS ATTEMPT TO LIMIT TO SOME EXTENT THE COUNTER PRODUCTIVE USE OF SUBSIDY IN EXPORT FINANCING.

6. CANADA IS THEREFORE WILLING TO ADHERE TO THE CONSENSUS FOR ONE YEAR, AND TO MAKE ITS BEST EFFORTS TO FOLLOW THE GUIDELINES AND PROCEDURES IN DOCUMENT TD/CONSENSUS/78.4(1ST REVISION), CONSISTENT WITH OUR DETERMINATION NOT TO BE PLACED AT A PERMANENT DISADVANTAGE WHEN ENDEAVOURING TO APPLY PRINCIPLES OF NONSUBSIDIZED COMMERCIAL FINANCING AND ON THE ASSUMPTION THAT THE OTHER PARTICIPANTS WILL ALSO CONFIRM THEIR INTENTION TO IMPLEMENT THE ARRANGEMENT. I CAN ASSURE YOU OF OUR INTENTION THAT NO ACTIVITIES OF CANADA'S EXPORT DEVELOPMENT CORPORATION WILL BE UNDER-TAKEN SO AS TO ADD FUEL TO THE CREDIT RACE."

7. FINLAND (3/23/78): "THE FINNISH GOVERNMENT CONFIRMS ITS INTENTION TO IMPLEMENT THE ARRANGEMENT ON GUIDELINES FOR OFFICIALLY SUPPORTED EXPORT CREDITS ON 1ST APRIL,

1978 ON THE ASSUMPTION THAT OTHER PARTICIPANTS WILL ALSO
CONFIRM THEIR INTENTION

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SIL-01 AGRE-00 OMB-01 SS-15 STR-07 L-03 NSC-05
/142 W

-----072161 101821Z /46

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TO IMPLEMENT THE ARRANGEMENT."

8. SWEDEN (3-3L-78): "THE GOVERNMENT OF SWEDEN
HEREBY CONFIRMS ITS INTENTION TO IMPLEMENT THE ARRANGE-
MENT ON GUIDELINES FOR OFFICIALLY SUPPORTED EXPORT
CREDITS AS OF LST APRIL L978, ON THE ASSUMPTION THAT
OTHER PARTICIPANTS ALSO DO SO."

9. PORTUGAL (4-3-78): "THE PORTUGESE DELEGATION
SETS OUT BELOW THE POSITION OF THE PORTUGESE AUTHORI-
TIES WITH RESPECT TO THE "ARRANGEMENT ON GUIDELINES
FOR OFFICIALLY SUPPORTED EXPORT CREDITS": 1) GENERAL
ADHERENCE TO THE CONSENSUS. 2) EXCLUSION OF SHIP-
BUILDING ACTIVITIES, WITHOUT PREJUDICE TO AN ADAPTION
IN THIS POSITION, WHICH COULD BE MADE BY PORTUGAL IN
WORKING PARTY NO 6 OF THE COUNCIL ON SHIPBUILDING."

10. SWITZERLAND (4-3-78): THE SWISS AUTHORITIES
CONFIRM THEIR INTENTION TO IMPLEMENT THE ARRANGEMENT
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ON GUIDELINES FOR OFFICIALLY SUPPORTED EXPORT CREDITS
ON LST APRIL, L978, ON THE PROVISO THAT OTHER PARTICI-
PANTS ALSO CONFIRM THEIR INTENTION TO IMPLEMENT THE
ARRANGEMENT."

11. THE SWISS AUTHORITIES WISH TO RECALL THAT IN
SWITZERLAND FINANCING FOR EXPORT CREDITS COVERED BY
THE ARRANGEMENT IS ASSURED - WITH THE EXCEPTION OF
A LIMITED NUMBER OF MIXED CREDITS EXTENDED TO
DEVELOPING COUNTRIES FOR WHICH A SPECIAL PROCEDURE
IS FORESEEN IN PARAGRAPH 7 OF THE ARRANGEMENT - BY
THE PRIVATE FINANCIAL MARKET, AT INTEREST RATES PRE-
VAILING ON THIS MARKET.

ACCORDINGLY, THE SWISS AUTHORITIES ACCEPT THE INTER-
PRETATION WHEREBY THE MINIMUM INTEREST RATES OF
CREDITS COVERED BY THE ARRANGEMENT MAY EVENTUALLY
BE BELOW THE NORM SET FORTH IN PARAGRAPH 3 OF THIS
ARRANGEMENT WHEN OFFICIAL SUPPORT IS LIMITED TO
THE PROVISION OF INSURANCE FOR EXPORT CREDITS."

12. EUROPEAN ECONOMIC COMMUNITY (4-5-78): "I HAVE
THE HONOR TO INFORM YOU THAT THE COUNCIL OF THE
EUROPEAN COMMUNITIES, AT ITS MEETING ON 4TH APRIL
L978, DECIDED TO IMPLEMENT THE ARRANGEMENT ON GUIDE-
LINES FOR OFFICIALLY SUPPORTED EXPORT CREDITS AS
APPROVED AD REFERENDUM AT THE MEETING HELD IN PARIS
ON 20TH-22ND FEBRUARY, L978.

THIS DECISION CONCERNS THE VERSION "TD/CONSENSUS/
78.4(1ST REVISION)" OF THE ABOVE-MENTIONED ARRANGEMENT.
HOWEVER, ATTENTION SHOULD BE DRAWN TO THE FACT THAT
THE SYSTEMATIC REPLACEMENT, IN THIS REVISED VERSION
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OF THE DOCUMENT "TD/CONSENSUS/78.4", OF THE TERM
"OFFER" BY THE TERM "SUPPORT" IS UNSUITABLE, TO THE
EXTENT THAT, IN THE CASE OF AID CREDITS, THE TERM
"OFFER" APPEARS MORE APPROPRIATE. THE COMMUNITY
RESERVES THE RIGHT TO RAISE THIS PROBLEM OF TERMIN-
OLOGY AT THE NEXT MEETING TO BE HELD IN OCTOBER L978."

13. NORWAY (4-5-78): "REFERRING TO THE NORWEGIAN
STATEMENT MADE AT THE MEETING HELD ON 20TH-22ND
FEBRUARY, 1978, OF THE REPRESENTATIVES OF PARTICIPANTS
IN THE CONSENSUS, THE NORWEGIAN DELEGATION CONFIRMS
THAT NORWAY HAS DECIDED TO IMPLEMENT THE ARRANGEMENT

ON GUIDELINES FOR OFFICIALLY SUPPORTED EXPORT CREDITS
AS CONTAINED IN DOCUMENT TD/CONSENSUS/78.4."

14. GREECE (4-5-78): "AS THIS DELEGATION HAS ALREADY
INFORMED THE SECRETARIAT BY TELEPHONE ON 3RD APRIL,
1978, THE GREEK GOVERNMENT HAS CONFIRMED ITS INTENTION
TO IMPLEMENT AS FROM LST APRIL, 1978 THE NEW ARRANGE-
MENT ON GUIDELINES FOR OFFICIALLY SUPPORTED EXPORT
CREDITS WITH THE EXCEPTION OF THE RULES PERTAINING
TO SHIPS."

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Message Attributes

Automatic Decaptoning: X
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Decapton Note:
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Disposition Date: 01 jan 1960
Disposition Event:
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Status: NATIVE
Subject: EXPORT CREDIT CONSENSUS
TAGS: ETRD, EFIN, CA, SW, PO, SZ, NO, GR, FI, OECD, EEC
To: STATE USEEC
Type: TE
vdkgvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/4e6a20b3-c288-dd11-92da-001cc4696bcc
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